GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2961
ANSWERED ON:10.08.2001
INSPECTION OF BANKS
RAGHUNATH JHA

Will the Minister of FINANCE be pleased to state:

(a) the details of private sector banks inspected by the officials of Reserve Bank of India during 1999-2000 and 2000-2001;

(b) the details of shortcomings/irregularities noticed by the officials of RBI during their inspection; and

(c) the action taken by the RBI against the private sector banks for committing irregularities?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BAUSAHEB VIKHE PATH):

(a) Reserve Bank of India (RB!) has reported that all the private sector banks were covered by RBI`s Financial Inspection during 1999-2000 and 2000-2001, except IDBI BankLtd., which was inspected during 1999-2000 with reference to its position as on 31st March, 2000.

(b) RBIhas reported that the irregularities noticed during the inspection generally relate to deficiencies in appraisal of credit proposals, lack of post-sanction/ disbursement supervision, laxity in recovery of non-performing assets (NPAs) delay in review/renewal of credit limits, non-observance of instructions/guidelines issued by RBI/Head Office, arrears in balancing of books of accounts etc.

(c) The irregularities/deficiencies observed by RBI`s inspection team are brought tothe notice of the respective banks for corrective action and compliance is closely monitored through RBI`s Regional Offices. Discussions are also held with the banks` Chief Executive Officers and Directors.A summary of the findings of RBI`s inspection ofbanks is placed before the Board for Financial Supervisions (BFS) and necessary follow-up action is taken on the advice/directions of the BFS.